

**PROVIDENCE WATER
EXHIBIT 2**

<u>Schedule</u>	<u>Title</u>
A	Summary Schedule of Adjustments
B to B-4	Debt Service/Restricted Funding Requirements
C to C-1	Salaries & Wages
D to D-1	Analysis of Property Tax
E	Insurance Expense
F to F-3	Pension and Benefits
G	Regulatory Commission and Rate Case Expense
H	Comparative Schedule of Revenues
I	Comparative Schedule of Expenses
CA-1	Cost of Service Summary
CA-2	Calculation of Pro-forma Revenues at Old Rates
CA-2a	Calculation of Service Charge and Fire Supply Revenues
CA-3	Detail of Cost of Service - Expense
CA-4	Test Year Revenues by Rate Class
CA-5	Calculation of Net Operating Revenue
CA-8a	Adjusted Metered Water Sales (HCF)
CA-20	Calculation of Retail Water Rates
CA-25	Calculation of Revenues at Present and Proposed Rates
CA-29	Rate Impact
CA-30	Rate Comparison
CA-31	Cost of Service and Revenue Detail at New Rates

Cost of Service Summary
Providence Water

	<u>Adjusted</u> <u>Test Year</u>	<u>Combined</u> <u>Adjustments</u>	<u>Proforma</u> <u>Old Rates</u>	<u>Additional</u> <u>Revenue</u> <u>Requirement</u>	<u>Proforma</u> <u>New rates</u>
<u>Revenue</u>					
Retail Water Sales	\$25,495,738	(\$366,419)	\$25,129,319		
Wholesale	10,850,226	-457,264	10,392,962		
Retail Service Charge	3,303,620	-161,739	3,141,881		
Private Fire Service Charge	673,843	286,746	960,589		
Public Fire protection	1,086,200	0	1,086,200		
Miscellaneous Income	<u>1,042,942</u>	<u>198,629</u>	<u>1,241,571</u>		
Total Revenue	42,452,569	-500,047	41,952,522	\$5,448,798 12.99%	\$47,401,320
<u>Expenses</u>					
Operation and Maintenance	18,940,634	3,116,446	22,057,080		22,057,080
City Service Expense	806,769	0	806,769		806,769
Property Taxes	4,805,320	894,723	5,700,043		5,700,043
Capital Labor	<u>836,967</u>	<u>68,297</u>	<u>905,264</u>		<u>905,264</u>
Net Operations	25,389,690	4,079,466	29,469,156		29,469,156
Capital Fund Cash	942,272	0	942,272		942,272
Debt Service CIP Fund	1,507,728	0	1,507,728		1,507,728
Western Cranston Fund	150,000		150,000		150,000
Infrastructure Replacement	9,208,782	0	9,208,782		9,208,782
Debt Service IFR Fund	3,291,218	0	3,291,218		3,291,218
102" Valve	500,000	0	500,000		500,000
Alternative Source of Supply	150,000	0	150,000		150,000
Meter Replacement	400,000	0	400,000		400,000
Equipment Replacement	<u>1,100,000</u>	<u>0</u>	<u>1,100,000</u>		<u>1,100,000</u>
Net Restricted	17,250,000	0	<u>17,250,000</u>	0	17,250,000
Total Expense	<u>42,639,690</u>	<u>4,079,466</u>	<u>46,719,156</u>	<u>0</u>	<u>46,719,156</u>
Revenues Over (Under) Expenses (1)	<u>(\$187,121)</u>	<u>(\$4,579,513)</u>	<u>(\$4,766,634)</u>	<u>\$5,448,798</u>	<u>\$682,164</u>

(1) Includes Net Operating Revenue at 1.5%, see CA-5 for calculation.

CA-2

Calculation of Proforma Revenues at Old Rates**Providence Water**

	<u>Average Consumption</u>	<u>Docket 2304 Rates</u>	<u>Proforma Old Rates</u>
<u>Retail Metered Revenue</u>			
Residential	10,155,307	\$1.61	\$16,350,045
Commercial	4,770,757	\$1.54	7,346,965
Industrial	<u>954,873</u>	\$1.50	<u>1,432,309</u>
Sub-total Retail	15,880,937		25,129,319
Wholesale	<u>13,663,118</u>	\$0.760658	<u>10,392,962</u>
Sub-total Metered	29,544,055		35,522,282
<u>Non-metered Water Revenue</u>			
	<u>Units</u>		
Service Charge Residential	64,387		2,716,700
Commercial	6,214		373,158
Industrial	693		52,023
Private Fire Service Charge	<u>1,392</u>		<u>960,589</u>
Sub-total Service Charge	72,686		4,102,470
Public Fire Supply	5,748	\$188.97	<u>1,086,200</u>
Sub-total Non-metered			5,188,670
Total Water Revenue			<hr/> 40,710,951
Miscellaneous Revenue			1,241,571
Grand Total Revenue			<hr/> <u>\$41,952,522</u>

CA-2a

Calculation of Service Charge and Fire Supply Revenue

Providence Water

Residential Meter Size (inches)	Number Quarterly	Number Monthly	D3163 Rate Quarterly	D3163 Rate Monthly	Revenue Quarterly	Revenue Monthly	Quarterly Acct Revenue Annually	Monthly Acct Revenue Annually	Total Revenue
5/8	50,587	0	\$10.00	\$5.95	\$505,870.00	\$0.00	\$2,023,480.00	\$0.00	\$2,023,480.00
3/4	8,051	0	10.71	6.16	86,226.21	0.00	344,904.84	0.00	344,904.84
1	4,247	0	12.57	6.78	53,384.79	0.00	213,539.16	0.00	213,539.16
1-1/2	813	0	15.05	7.60	12,235.65	0.00	48,942.60	0.00	48,942.60
2	634	0	21.88	9.88	13,871.92	0.00	55,487.68	0.00	55,487.68
3/4	6	0	72.16	26.64	432.96	0.00	1,731.84	0.00	1,731.84
4	7	0	90.79	32.85	635.53	0.00	2,542.12	0.00	2,542.12
6	27	0	134.24	47.33	3,624.48	0.00	14,497.92	0.00	14,497.92
8	12	0	183.90	63.89	2,206.80	0.00	8,827.20	0.00	8,827.20
10	3	0	228.91	78.89	686.73	0.00	2,746.92	0.00	2,746.92
12	0	0	273.92	93.89	0.00	0.00	0.00	0.00	0.00
Totals	64,387	0			\$679,175.07	\$0.00	\$2,716,700.28	\$0.00	\$2,716,700.28

Commercial Meter Size (inches)	Number Quarterly	Number Monthly	D3163 Rate Quarterly	D3163 Rate Monthly	Revenue Quarterly	Revenue Monthly	Quarterly Acct Revenue Annually	Monthly Acct Revenue Annually	Total Revenue
5/8	2,777	0	\$10.00	\$5.95	\$27,770.00	\$0.00	\$111,080.00	\$0.00	\$111,080.00
3/4	920	0	10.71	6.16	9,853.20	0.00	39,412.80	0.00	39,412.80
1	739	0	12.57	6.78	9,289.23	0.00	37,156.92	0.00	37,156.92
1-1/2	583	0	15.05	7.60	8,774.15	0.00	35,096.60	0.00	35,096.60
2	1,080	0	21.88	9.88	23,630.40	0.00	94,521.60	0.00	94,521.60
3	20	0	72.16	26.64	1,443.20	0.00	5,772.80	0.00	5,772.80
4	31	0	90.79	32.85	2,814.49	0.00	11,257.96	0.00	11,257.96
6	45	0	134.24	47.33	6,040.80	0.00	24,163.20	0.00	24,163.20
8	16	0	183.90	63.89	2,942.40	0.00	11,769.60	0.00	11,769.60
10	2	0	228.91	78.89	457.82	0.00	1,831.28	0.00	1,831.28
12	1	0	273.92	93.89	273.92	0.00	1,095.68	0.00	1,095.68
Totals	6,214	0			\$93,289.61	\$0.00	\$373,158.44	\$0.00	\$373,158.44

Industrial Meter Size (inches)	Number Quarterly	Number Monthly	D3163 Rate Quarterly	D3163 Rate Monthly	Revenue Quarterly	Revenue Monthly	Quarterly Acct Revenue Annually	Monthly Acct Revenue Annually	Total Revenue
5/8	207	0	\$10.00	\$5.95	\$2,070.00	\$0.00	\$8,280.00	\$0.00	\$8,280.00
3/4	82	0	10.71	6.16	878.22	0.00	3,512.88	0.00	3,512.88

1	65	0	12.57	6.78	817.05	0.00	3,268.20	0.00	3,268.20
1-1/2	87	0	15.05	7.60	1,309.35	0.00	5,237.40	0.00	5,237.40
2	228	0	21.88	9.88	4,988.64	0.00	19,954.56	0.00	19,954.56
3	5	0	72.16	26.64	360.80	0.00	1,443.20	0.00	1,443.20
4	5	0	90.79	32.85	453.95	0.00	1,815.80	0.00	1,815.80
6	9	0	134.24	47.33	1,208.16	0.00	4,832.64	0.00	4,832.64
8	5	0	183.90	63.89	919.50	0.00	3,678.00	0.00	3,678.00
10	0	0	228.91	78.89	0.00	0.00	0.00	0.00	0.00
12	0	0	273.92	93.89	0.00	0.00	0.00	0.00	0.00
Totals	693	0			\$13,005.67	\$0.00	\$52,022.68	\$0.00	\$52,022.68

Total Retail Meter Size (inches)	Number Quarterly	Number Monthly	D3163 Rate Quarterly	D3163 Rate Monthly	Revenue Quarterly	Revenue Monthly	Quarterly Acct Revenue Annually	Monthly Acct Revenue Annually	Total Revenue
5/8	53,571	0	\$10.00	\$5.95	\$535,710.00	\$0.00	\$2,142,840.00	\$0.00	\$2,142,840.00
3/4	9,053	0	10.71	6.16	96,957.63	0.00	387,830.52	0.00	387,830.52
1	5,051	0	12.57	6.78	63,491.07	0.00	253,964.28	0.00	253,964.28
1-1/2	1,483	0	15.05	7.60	22,319.15	0.00	89,276.60	0.00	89,276.60
2	1,942	0	21.88	9.88	42,490.96	0.00	169,963.84	0.00	169,963.84
3	31	0	72.16	26.64	2,236.96	0.00	8,947.84	0.00	8,947.84
4	43	0	90.79	32.85	3,903.97	0.00	15,615.88	0.00	15,615.88
6	81	0	134.24	47.33	10,873.44	0.00	43,493.76	0.00	43,493.76
8	33	0	183.90	63.89	6,068.70	0.00	24,274.80	0.00	24,274.80
10	5	0	228.91	78.89	1,144.55	0.00	4,578.20	0.00	4,578.20
12	1	0	273.92	93.89	273.92	0.00	1,095.68	0.00	1,095.68
Totals	71,294	0			\$785,470.35	\$0.00	\$3,141,881.40	\$0.00	\$3,141,881.40

Fire Supply Meter Size (inches)	Number Quarterly	Number Monthly	D3163 Rate Quarterly	D3163 Rate Monthly	Revenue Quarterly	Revenue Monthly	Quarterly Acct Revenue Annually	Monthly Acct Revenue Annually	Total Revenue
5/8	0	0	\$9.03	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
3/4	9	0	10.77	0.00	96.96	0.00	387.84	0.00	387.84
1	14	0	14.26	0.00	199.64	0.00	798.56	0.00	798.56
1-1/2	2	0	23.00	0.00	46.00	0.00	184.00	0.00	184.00
2	23	0	33.48	0.00	770.04	0.00	3,080.16	0.00	3,080.16
3	0	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4	228	0	92.87	0.00	21,174.36	0.00	84,697.44	0.00	84,697.44
6	975	0	180.22	0.00	175,714.50	0.00	702,858.00	0.00	702,858.00
8	133	0	285.03	0.00	37,908.99	0.00	151,635.96	0.00	151,635.96
10	1	0	407.30	0.00	407.30	0.00	1,629.20	0.00	1,629.20
12	7	0	547.05	0.00	3,829.35	0.00	15,317.40	0.00	15,317.40
Totals	1,392	0			\$240,147.14	\$0.00	\$960,588.56	\$0.00	\$960,588.56

Detail Cost of Service - Expense

CA-3

Providence Water

				N		N		
		Service	Payroll	O	Other	O		
	Adjusted	Level	Related	T	Operations	T	Combined	Proforma
	<u>Test Year</u>	<u>Adjustments</u>	<u>Adjustments</u>	<u>E</u>	<u>Adjustment</u>	<u>E</u>	<u>Adjustments</u>	<u>Rate Year</u>
<u>Source of Supply</u>								
60110	Salaries + Wages - Emp	\$373,721	\$30,496	C			\$30,496	\$404,217
60120	Salaries + Wages - Emp	227,456	\$18,560	C			18,560	246,016
60320	Sal. + Wages - Officers, Dir	0					0	0
60410	Employee Pension + Ben	97,215			23,205	F	23,205	120,420
60420	Employee Pension + Ben	61,873			14,769	F	14,769	76,642
61510	Purchase Power	0					0	0
61610	Fuel for Power Purch	5,996					0	5,996
62010	Material + Supplies	5,773					0	5,773
62020	Material + Supplies	29,723					0	29,723
63110	Contractual Services - Engineer	2,964					0	2,964
63420	Contractual Services - Mgt. Fees	0					0	0
63510	Contractual Services - Other	31,112					0	31,112
63520	Contractual Services - Other	15,501					0	15,501
64210	Rental of Equipment	905					0	905
64220	Rental of Equipment	889					0	889
65010	Transportation Exp.	20,945					0	20,945
65020	Transportation Exp.	3,331					0	3,331
67510	Misc. Expenses	15,507					0	15,507
67520	Misc. Expenses	<u>90</u>					<u>0</u>	<u>90</u>
	Total-Source of Supply	893,001	0	49,056	37,974		87,030	980,031
<u>Pumping</u>								
60123	Salaries + Wages - Emp	16,251	1,326	C			1,326	17,577
60126	Salaries + Wages - Emp	7,052	575	C			575	7,627
60423	Employee Pension + Ben	5,172			1,235	F	1,235	6,407
60426	Employee Pension + Ben	1,252			299	F	299	1,551
61523	Purchase Power	491,527					0	491,527
61623	Fuel for Power Purch	18,383					0	18,383
62023	Material + Supplies	0					0	0
62026	Material + Supplies	2,629					0	2,629
63123	Contractual Services - Engineer	20,084					0	20,084
63126	Contractual Services - Engineer	0					0	0
63523	Contractual Services - Other	12,939					0	12,939
63526	Contractual Services - Other	14,035					0	14,035
64223	Rental of Equipment	0					0	0
64226	Rental of Equipment	0					0	0
65023	Transportation Exp.	1,253					0	1,253

67523	Misc. Expenses	0			0	0
67526	Misc. Expenses	<u>0</u>			<u>0</u>	<u>0</u>

Total-Pumping	590,577	0	1,901	1,533	3,434	594,011
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Water Treatment

60130	Salaries + Wages - Emp	1,410,419		115,090 C		115,090	1,525,509
60140	Salaries + Wages - Emp	522,367		42,625 C		42,625	564,992
60430	Employee Pension + Ben	340,349			81,241 F	81,241	421,590
60440	Employee Pension + Ben	155,883			37,209 F		
61530	Purchase Power	117,147				0	117,147
61630	Fuel for Power Purch	48,904				0	48,904
61830	Chemicals	850,979				0	850,979
62030	Material + Supplies	58,844				0	58,844
62040	Material + Supplies	79,736				0	79,736
63140	Contractual Services - Engineer	0				0	0
63240	Contract Services - Acctg	0				0	0
63430	Contractual Services - Mgt. Fees	15,398				0	15,398
63530	Contractual Services - Other	59,024	400,000 *			400,000	459,024
63540	Contractual Services - Other	64,502				0	64,502
64140	Rental Bldg/Real Prop	-2,410				0	-2,410
64230	Rental of Equipment	7,377				0	7,377
64240	Rental of Equipment	0				0	0
65030	Transportation Exp.	4				0	4
65640	Insurance Vehicle	0				0	0
65830	Insurance - W/C	0				0	0
65840	Insurance - W/C	0				0	0
66730	Regularoty Com Exp. -Other	0				0	0
67530	Misc. Expenses	98,983				0	98,983
67540	Misc. Expenses	<u>113</u>				<u>0</u>	<u>113</u>
Total-Water Treat. Exp.	3,827,619	400,000	157,715	118,450		676,165	4,503,783

Transmission & Distribution

60150	Salaries + Wages - Emp	734,304		134,881 C		134,881	869,185
60160	Salaries + Wages - Emp	2,007,337		163,799 C		163,799	2,171,136
60250	Payroll Clearing -Emp	-836,967		-68,297 C		-68,297	-905,264
60260	Payroll Clearing -Emp	0				0	0
60450	Employee Pension + Ben	177,911			42,467 F	42,467	220,378
60460	Employee Pension + Ben	587,700			140,283 F	140,283	727,983
60550	Overhead Rate Applied	0				0	0
60560	Overhead Rate Applied	0				0	0
61550	Purchase Power	3,320				0	3,320
62050	Material + Supplies	115,319				0	115,319

62060	Material + Supplies	16,299			0	16,299
62560	Inventory Clearing	0			0	0
63150	Contractual Services - Engineer	22,610			0	22,610
63460	Contractual Services - Mgt. Fees	0			0	0
63550	Contractual Services - Other	232,670			0	232,670
63560	Contractual Services - Other	87,549			0	87,549
64150	Rental Bldg/Real Prop	0			0	0
64160	Rental Bldg/Real Prop	-45,039			0	-45,039
64250	Rental of Equipment	5,985			0	5,985
64260	Rental of Equipment	0			0	0
65060	Transportation Exp.	0			0	0
65850	Insurance W/C	0			0	0
65860	Insurance W/C	0			0	0
65950	Insurance Other	0			0	0
67550	Misc. Expenses	19,415			0	19,415
67560	Misc. Expenses	<u>30</u>			<u>0</u>	<u>30</u>

Total-Trans/Dist Exp.	3,128,443	0	230,383	182,750	413,133	3,541,576
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Customer Accounts

60170	Salaries + Wages - Emp	1,601,940		208,419 C		208,419	1,810,359
60270	Payroll Clearing -Emp	0				0	0
60470	Employee Pension + Ben	448,957			107,165 F	107,165	556,122
60570	Overhead Rate Applied	0				0	0
61670	Fuel for Power Purch	0				0	0
62070	Material + Supplies	8,521				0	8,521
63370	Contractual Services - Legal	46,914				0	46,914
63570	Contractual Services - Other	35,513				0	35,513
65870	Insurance - Other	854				0	854
65970	Insurance Other	0				0	0
67570	Misc. Expenses	<u>112,714</u>				<u>0</u>	<u>112,714</u>

Total-Cust Accts Exp	2,255,413	0	208,419	107,165	315,584	2,570,997
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Administration

60180	Salaries + Wages - Emp	4,050,871		371,618 C		371,618	4,422,489
60280	Payroll Clearing -Emp	0		0 C		0	0
60380	Salaries + wages - Officers, Dir.	21,565		1,760 C		1,760	23,325
60480	Employee Pension + Ben	1,573,536			1,618,607 F	1,618,607	3,192,143
60580	Overhead Rate Applied	0				0	0
61580	Purchase Power	42,303				0	42,303
61680	Fuel for Power Purch	92,295				0	92,295
62080	Material + Supplies	140,840				0	140,840

63180	Contractual Services - Engineer	27,800			0	27,800
63280	Contract Services - Acctg	61,364			0	61,364
63380	Contractual Services - Legal	88,944			0	88,944
63480	Contractual Services - Mgt. Fees	11,658			0	11,658
63580	Contractual Services - Other	616,595			0	616,595
64180	Rental Buildg/Real Prop	0			0	0
64280	Rental of Equipment	14,642			0	14,642
65080	Transportation Exp.	243,051			0	243,051
65780	Ins. Gen. Liability	437,235		-414,220 E	-414,220	23,015
65880	Insurance - W/C	216,887			0	216,887
65980	Insurance Other	5,100			0	5,100
66080	Advertising Expense	0			0	0
66680	Reg Com Exp - Amort of Rate Cas	15,881			0	15,881
66780	Regulatory Com Exp. -Other	167,566		43,334 G	43,334	210,900
67580	Misc. Expenses	<u>417,447</u>			<u>0</u>	<u>417,447</u>

Total-Admin/Gen Exp	<u>8,245,581</u>	<u>0</u>	<u>373,378</u>	<u>1,247,721</u>	<u>1,621,099</u>	<u>9,866,680</u>
Total Operation and Maintance	<u>\$18,940,634</u>	<u>400,000</u>	<u>1,020,852</u>	<u>1,695,594</u>	<u>3,116,446</u>	<u>22,057,080</u>

Other Expenditures

City Services	806,769	0			0	806,769
Property Taxes	4,805,320			894,722 D	894,723	5,700,043
Capital Labor	836,967		68,297 C		68,297	905,264
Capital Fund Cash	942,272				0	942,272
Debt Service CIP Fund	1,507,728				0	1,507,728
Western Cranston Fund	150,000				0	150,000
Infrastructure Replacement (1)	9,208,782				0	9,208,782
Debt Service IFR Fund	3,291,218				0	3,291,218
102" Valve	500,000				0	500,000
Alternative Source of Supply	150,000				0	150,000
Meter Replacement	400,000				0	400,000
Equipment Replacement	1,100,000				0	1,100,000

Total Other Expenditures	<u>23,699,056</u>	<u>0</u>	<u>68,297</u>	<u>894,722</u>	<u>963,020</u>	<u>24,662,076</u>
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GRAND TOTAL	<u>\$42,639,690</u>	<u>\$400,000</u>	<u>\$1,089,149</u> C	<u>\$2,590,316</u>	<u>\$4,079,466</u>	<u>\$46,719,156</u>
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Note: Cross-reference to Summary Schedule

* Service Level Adjustment from Paul Gadoury Testimony

CA-4

TEST YEAR REVENUES BY RATE CLASS
PROVIDENCE WATER

	<u># of Customers</u>	<u>Consumption HCF</u>	Calendar Year <u>2001</u>
<u>Metered Revenue</u>			
Residential	64,196	10,139,457	\$16,300,557
Commercial	7,099	5,099,446	\$7,853,147
Industrial	1,004	876,268	\$1,314,402
Private Fire Supply	<u>0</u>		<u>\$27,632</u>
Sub-total Retail	72,299	16,115,171	\$25,495,738
Wholesale	<u>11</u>	<u>14,385,280</u>	<u>\$10,850,226</u>
Sub-total Metered	72,310	30,500,451	\$36,345,964
<u>Non-metered Water Revenue</u>			
Retail Service Charge			\$3,303,620
Private Fire Supply Service Charge			\$673,843
Public Fire Supply	# of Hydrants	<u>5,748</u>	<u>\$1,086,200</u>
Sub-total Non-metered			\$5,063,663
Total Water Revenue			<hr/> \$41,409,627
Miscellaneous Revenue			<u>\$1,042,942</u>
Grand Total Revenue			<u><u>\$42,452,569</u></u>

Calculation of Net Operating Revenue

Providence Water

Item	Pro Forma Amount
Operation & Maintenance	\$22,057,080
City Service Expense	806,769
Property Taxes	5,700,043
Capital Labor	905,264
Capital Fund Cash	942,272
Debt Service CIP Fund	1,507,728
Western Cranston Fund	150,000
Infrastructure Replacement	9,208,782
Debt Service IFR Fund	3,291,218
102" Valve	500,000
Alternative Source of Supply	150,000
Meter Replacement	400,000
Equipment Replacement	<u>1,100,000</u>
Subtotal Pro-Forma Expenses	46,719,156
less: Misc. Revenue	<u>1,241,571</u>
Subtotal	45,477,585
plus: Net operating revenue(1)	<u>682,164</u>
Net Revenue Requirement	<u>\$46,159,749</u>

Note: (1) Allocated at 1.5%

Adjusted Metered Water Sales (HCF)**Providence Water**

	<u>FYE 99</u>	<u>FYE 00</u>	<u>FYE 01</u>	<u>FYE 02 *</u>	4 year <u>Average</u>	<u>Adjustments</u>	Pro-Forma <u>CY2002</u>
<u>Retail</u>							
Residential	9,851,691	10,940,406	9,562,082	10,267,050	10,155,307		10,155,307
Commercial	4,538,279	5,244,331	4,624,608	4,675,809	4,770,757		4,770,757
Industrial	<u>1,193,317</u>	<u>1,066,386</u>	<u>715,583</u>	<u>844,205</u>	<u>954,873</u>		<u>954,873</u>
Sub-total Retail	15,583,287	17,251,123	14,902,273	15,787,064	15,912,228	0	15,880,937
<u>Wholesale</u>							
East Providence	2,639,225	2,446,455	2,445,707	2,374,933	2,476,580		2,476,580
East Smithfield	352,433	346,859	352,643	345,307	349,311		349,311
Greenville	397,660	451,908	442,520	458,072	437,540		437,540
Kent County	3,285,936	3,276,576	3,262,932	3,556,592	3,345,509		3,345,509
Smithfield	412,072	421,404	452,268	459,218	436,241		436,241
Warwick	4,456,791	4,828,433	4,938,345	4,488,959	4,678,132		4,678,132
Lincoln	1,011,350	1,041,247	1,037,210	1,072,639	1,040,612		1,040,612
Johnston	328,503	298,382	272,531	199,521	274,734		274,734
Bristol County	<u>322,527</u>	<u>667,993</u>	<u>624,460</u>	<u>1,277,031</u>	<u>723,003</u>	<u>-98,543</u>	<u>624,460</u>
Sub-total Wholesale	13,206,497	13,779,257	13,828,616	14,232,272	13,761,661	-98,543	13,663,118
Grand Total	<u>28,789,784</u>	<u>31,030,380</u>	<u>28,730,889</u>	<u>30,019,336</u>	<u>29,673,888</u>	<u>-98,543</u>	<u>29,544,055</u>

* FYE 02 for Wholesale is actual June 2001 through May 2002.

Adjustment reduces Bristol County to FY 01 amount

Calculation of Retail Water Rates**Providence Water**

<u>Retail Consumption:</u>		<u>Current Rates</u>	<u>Proposed Rates</u>	Percentage <u>Increase</u>
Residential	per HCF	\$1.61	\$1.83	13.38%
Commercial	per HCF	\$1.54	\$1.75	13.38%
Industrial	per HCF	\$1.50	\$1.70	13.38%

Service Charge:	<u>Quarterly</u>			Percentage	<u>Monthly</u>		Percentage
<u>(Meter size inches)</u>	<u>Current Rates</u>	<u>Proposed Rates</u>	<u>Increase</u>	<u>Current Rates</u>	<u>Proposed Rates</u>	<u>Increase</u>	
5/8	\$10.00	\$11.34	13.38%	\$5.95	\$6.75	13.38%	
3/4	\$10.71	\$12.14	13.38%	\$6.16	\$6.98	13.38%	
1	\$12.57	\$14.25	13.38%	\$6.78	\$7.69	13.38%	
1-1/2	\$15.05	\$17.06	13.38%	\$7.60	\$8.62	13.38%	
2	\$21.88	\$24.81	13.38%	\$9.88	\$11.20	13.38%	
3	\$72.16	\$81.82	13.38%	\$26.64	\$30.21	13.38%	
4	\$90.79	\$102.94	13.38%	\$32.85	\$37.25	13.38%	
6	\$134.24	\$152.21	13.38%	\$47.33	\$53.66	13.38%	
8	\$183.90	\$208.51	13.38%	\$63.89	\$72.44	13.38%	
10	\$228.91	\$259.55	13.38%	\$78.89	\$89.45	13.38%	
12	\$273.92	\$310.58	13.38%	\$93.89	\$106.46	13.38%	

<u>Wholesale</u>	per HCF	\$0.760658	\$0.862465	13.38%
	per Million Gallons	\$1,017.00	\$1,153.12	13.38%

<u>Public Fire Supply</u>	per Hydrant	\$188.97	\$214.26	13.38%
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Private Fire Supply:		<u>Quarterly</u>	Percentage
<u>(Service size inches)</u>	<u>Current Rates</u>	<u>Proposed Rates</u>	<u>Increase</u>
3/4	\$10.77	\$12.21	13.38%
1	\$14.26	\$16.17	13.38%
1-1/2	\$23.00	\$26.08	13.38%
2	\$33.48	\$37.96	13.38%
4	\$92.87	\$105.30	13.38%
6	\$180.22	\$204.34	13.38%
8	\$285.03	\$323.18	13.38%
10	\$407.30	\$461.81	13.38%
12	\$547.05	\$620.27	13.38%

Calculation of Revenues at Present and Proposed Rates

Providence Water

	Consumption <u>/Units</u>	Current <u>Rates</u>	Revenues <u>Current</u>	Proposed <u>Rates</u>	Revenues <u>Proposed</u>	Percent <u>Increase</u>
Retail Customers						
Residential	10,155,307	\$1.61	\$16,350,045	\$1.83	\$18,538,336	13.38%
Commercial	4,770,757	\$1.54	\$7,346,965	\$1.75	\$8,330,284	13.38%
Industrial	<u>954,873</u>	\$1.50	<u>\$1,432,309</u>	\$1.70	<u>\$1,624,010</u>	13.38%
Sub-total Retail	15,880,937		\$25,129,319		\$28,492,630	
Wholesale Customers	<u>13,663,118</u>	\$0.760658	<u>\$10,392,962</u>	\$0.862465	<u>\$11,783,958</u>	13.38%
Total Consumption Revenue	29,544,055		\$35,522,282		\$40,276,588	13.38%
Residential Service Charges			\$2,716,700		\$3,080,304	13.38%
Commercial Service Charges			\$373,158		\$423,102	13.38%
Industrial Service Charges			<u>\$52,023</u>		<u>\$58,985</u>	13.38%
Sub-total Service Charges			\$3,141,881		\$3,562,391	13.38%
Private Fire Supply			\$960,589		\$1,089,154	13.38%
Hydrant Charges	5,748	\$188.97	<u>\$1,086,200</u>	\$214.26	<u>\$1,231,577</u>	13.38%
Sub-total Fire Protection			\$2,046,788		\$2,320,730	
Total Water Revenue			\$40,710,951		\$46,159,709	13.38%
Miscellaneous Revenues			<u>1,241,571</u>		<u>1,241,571</u>	0.00%
TOTAL REVENUE			\$41,952,522		\$47,401,280	12.99%
Rate Increase					<u>\$5,448,758</u>	

Providence Water

Rate Impact

	D 3163 Rates	Proposed Rate	Dollar Increase	Percent Increase	Proposed Quarterly Bill
<u>Residential</u>					
100 HCF w/ 5/8 meter					
Customer Charge	\$40.00	\$45.35	\$5.35		
Consumption	<u>\$161.00</u>	<u>\$182.55</u>	<u>\$21.55</u>		
Total 100 HCF	<u>\$201.00</u>	<u>\$227.90</u>	<u>\$26.90</u>	13.38%	<u>56.98</u>
<u>Commercial</u>					
2,000 HCF w/ 2in meter					
Customer Charge	\$87.52	\$99.23	\$11.71		
Consumption	<u>\$3,080.00</u>	<u>\$3,492.23</u>	<u>\$412.23</u>		
Total 2000 HCF	<u>\$3,167.52</u>	<u>\$3,591.46</u>	<u>\$423.94</u>	13.38%	<u>897.87</u>
<u>Industrial</u>					
10,000 HCF w/ 6in. meter					
Customer Charge	\$536.96	\$608.83	\$71.87		
Consumption	<u>\$15,000.00</u>	<u>\$17,007.60</u>	<u>\$2,007.60</u>		
Total 10,000 HCF	<u>\$15,536.96</u>	<u>\$17,616.43</u>	<u>\$2,079.47</u>	13.38%	<u>4,404.11</u>
<u>Industrial (Large)</u>					
50,000 HCF w/ 10in. meter					
Customer Charge	\$915.64	\$1,038.19	\$122.55		
Consumption	<u>\$75,000.00</u>	<u>\$85,038.01</u>	<u>\$10,038.01</u>		
Total 50,000 HCF	<u>\$75,915.64</u>	<u>\$86,076.20</u>	<u>\$10,160.56</u>	13.38%	<u>21,519.05</u>
	D 3163 Rates	Proposed Rate	Dollar Increase	Percent Increase	Monthly Bill
<u>Wholesale</u>					
400,000 HCF	\$304,263	\$344,986	\$40,723	13.38%	\$28,749
2,500,000 HCF	\$1,901,645	\$2,156,162	\$254,516	13.38%	\$179,680

Rate Comparison
Providence Water

Retail Consumption Charge

<u>Class</u>		<u>Current</u> <u>Rate</u>	<u>Proposed</u> <u>Rate</u>	<u>Net</u> <u>Change</u>	<u>%</u> <u>Change</u>
Residential	per HCF	\$1.61	\$1.83	\$0.22	13.38%
Commercial	per HCF	\$1.54	\$1.75	\$0.21	13.38%
Industrial	per HCF	\$1.50	\$1.70	\$0.20	13.38%

Retail Service Charge

<u>Meter/Service</u> <u>(inches)</u>	<u>Current</u> <u>Quarterly</u>	<u>Proposed</u> <u>Quarterly</u>	<u>Net</u> <u>Change</u>	<u>%</u> <u>Change</u>	<u>Current</u> <u>Monthly</u>	<u>Proposed</u> <u>Monthly</u>	<u>Net</u> <u>Change</u>	<u>%</u> <u>Change</u>	<u>Current</u> <u>Quarterly</u>	<u>Proposed</u> <u>Quarterly</u>	<u>Net</u> <u>Change</u>	<u>%</u> <u>Change</u>
5/8	\$10.00	\$11.34	\$1.34	13.38%	\$5.95	\$6.75	\$0.80	13.38%	-	-	-	-
3/4	\$10.71	\$12.14	\$1.43	13.38%	\$6.16	\$6.98	\$0.82	13.38%	\$10.77	\$12.21	\$1.44	13.38%
1	\$12.57	\$14.25	\$1.68	13.38%	\$6.78	\$7.69	\$0.91	13.38%	\$14.26	\$16.17	\$1.91	13.38%
1-1/2	\$15.05	\$17.06	\$2.01	13.38%	\$7.60	\$8.62	\$1.02	13.38%	\$23.00	\$26.08	\$3.08	13.38%
2	\$21.88	\$24.81	\$2.93	13.38%	\$9.88	\$11.20	\$1.32	13.38%	\$33.48	\$37.96	\$4.48	13.38%
3	\$72.16	\$81.82	\$9.66	13.38%	\$26.64	\$30.21	\$3.57	13.38%	-	-	-	-
4	\$90.79	\$102.94	\$12.15	13.38%	\$32.85	\$37.25	\$4.40	13.38%	\$92.87	\$105.30	\$12.43	13.38%
6	\$134.24	\$152.21	\$17.97	13.38%	\$47.33	\$53.66	\$6.33	13.38%	\$180.22	\$204.34	\$24.12	13.38%
8	\$183.90	\$208.51	\$24.61	13.38%	\$63.89	\$72.44	\$8.55	13.38%	\$285.03	\$323.18	\$38.15	13.38%
10	\$228.91	\$259.55	\$30.64	13.38%	\$78.89	\$89.45	\$10.56	13.38%	\$407.30	\$461.81	\$54.51	13.38%
12	\$273.92	\$310.58	\$36.66	13.38%	\$93.89	\$106.46	\$12.57	13.38%	\$547.05	\$620.27	\$73.22	13.38%

Based on Meter Size

Based on Meter Size

Based on Service Size

Wholesale Consumption Charge

	<u>Current</u> <u>Rate</u>	<u>Proposed</u> <u>Rate</u>	<u>Net</u> <u>Change</u>	<u>%</u> <u>Change</u>
Per Million Gallons	\$1,017.00	\$1,153.12	\$136.12	13.38%

Hydrant Charge

	<u>Current</u> <u>Rate</u>	<u>Proposed</u> <u>Rate</u>	<u>Net</u> <u>Change</u>	<u>%</u> <u>Change</u>
Per Hydrant Per Year	\$188.97	\$214.26	\$25.29	13.38%

Cost of Service and Revenue Detail at New Rates

Providence Water

	<u>Adjusted Test Year</u>	<u>Combined Adjustments</u>	<u>Proforma Old Rates</u>	<u>Additional Revenue Requirement</u>	<u>Proforma New rates</u>
<u>Revenue</u>					
Retail Water Sales	\$25,495,738	(\$366,419)	\$25,129,319	\$3,363,311	\$28,492,630
Wholesale	\$10,850,226	(\$457,264)	\$10,392,962	\$1,390,995	\$11,783,958
Retail Service Charge	\$3,303,620	-161,739	\$3,141,881	\$420,510	\$3,562,391
Private Fire Service Charge	\$673,843	286,746	\$960,589	\$128,565	1,089,154
Public Fire protection	\$1,086,200	0	\$1,086,200	\$145,377	1,231,577
Miscellaneous Income	<u>1,042,942</u>	<u>198,629</u>	<u>1,241,571</u>	<u>0</u>	<u>1,241,571</u>
Total Revenue	42,452,569	-500,047	41,952,522	\$5,448,758 12.99%	\$47,401,280
<u>Expenses</u>					
Operation and Maintenance	\$18,940,634	\$3,116,446	22,057,080		22,057,080
City Service Expense	\$806,769	\$0	806,769		806,769
Property Taxes	\$4,805,320	\$894,723	5,700,043		5,700,043
Capital Labor	\$836,967	\$68,297	905,264		905,264
Capital Fund Cash	\$942,272	\$0	942,272		942,272
Debt Service CIP Fund	\$1,507,728	\$0	1,507,728		1,507,728
Western Cranston Fund	\$150,000	\$0	150,000		150,000
Infrastructure Replacement	\$9,208,782	\$0	9,208,782		9,208,782
Debt Service IFR Fund	\$3,291,218	\$0	3,291,218		3,291,218
102" Valve	\$500,000	\$0	500,000		500,000
Alternative Source of Supply	\$150,000	\$0	150,000		150,000
Meter Replacement	\$400,000	\$0	400,000		400,000
Equipment Replacement	<u>\$1,100,000</u>	<u>\$0</u>	<u>1,100,000</u>		<u>1,100,000</u>
Total Expense	42,639,690	4,079,466	46,719,156	0	46,719,156
Revenues Over (Under) Expenses (1)	<u>(\$187,121)</u>	<u>(\$4,579,513)</u>	<u>(\$4,766,634)</u>	<u>\$5,448,758</u>	<u>\$682,124</u>

(1) Includes Net Operating Revenue at 1.5%, see CA-5 for calculation.